

## The Effect of Advertising on Corporate Image: a Study of International Breweries Plc. Ilesa, Osun State, Nigeria

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### Abstract

This study investigates the effect of advertising on corporate image in manufacturing sector of Nigeria with reference to the stakeholders of International Breweries Plc. Ilesa, Osun State. It is no doubt that business survival depend on the perception of the general public about the firm, thus it will be inappropriate not to supply to the general public necessary information that could provide them with necessary information otherwise they would be misinformed and build up a wrong perception about the firm. This study therefore, was carried out to investigate the relationship between advertising and corporate image in manufacturing firm. Using the survey method, the study obtained sample of one hundred and twenty (120) respondents' who are stakeholders of International breweries Ilesa products. The research instrument showed encouraging evidence of reliability and validity. Data were analyzed using simple percentages and chi-square analysis. The study found that effective advertising is a key factor for communicating to firm's stakeholders about the status of the firm. Furthermore, it was established that there is a strong relationship between advertising and corporate image. The study concluded with the assertion that to have positive and favourable corporate image and reputation firms must employ effective advertisement programmes.

**Keywords:** Advertising, Communication, Corporate Image & Stakeholders

### Introduction

In recent years, more organization are beginning to recognize the benefits associated with positive corporate image, it is not just for fascination but knowing the effect on organizational survival and profitability. Today, many companies need to project strong positive reputation to their stakeholders, namely the employees, consumers, customers, investors and the public in order to be reckoned with in the highly competitive market. Projecting corporate image entails show casing what you are into and stands for as a business entity which is an embodiment of the totality of your operations in business.

The different knowledge of stakeholders about a firm is known as corporate image (Christensen, Askegaard 2001; Flavian, Guinaliu, Torres 2005; & Chattananon, Lawley, 2007). Each stakeholder's could have different perception based on previous experience, beliefs, feelings, knowledge, impressions, etc. about a company (Brown, 1998). Which might be valid or invalid, to form corporate image or defuse existing corporate reputation therefore requires adequate information. With the reality that a favourable image can boost a firm's sales through increased customer satisfaction and loyalty, as well as attract both investors and future employees while negative image will do otherwise.

Experts are of the opinion that one of the ways to form corporate image is through quality advertising. Qualitative advertisement is often holistic as it will give stakeholders necessary information about the company. It build appropriate image of a company in a convincing manner against assumption of what is imagined and heard from unreliable sources. The methods of advertising varied but on a wide spectrum it involved both electronic and print media.

The visible manifestation of advertising to promote corporate image varied but could involve the use of letters, symbols, logos and other design are measures to promote corporate image of an organization. In the case of International Breweries Plc, Ilesa, the corporate image is built through media, investors, promotional materials, sales aid, packaging and so on and so forth.

It is against this backdrop that this study examines the effect of advertising on corporate image with reference to International Breweries Plc, Ilesa products (Trophy, Beta-malt and Mayor) with Osogbo as the domain of research.

### Objectives of study

The objective of this study is to examine the effect of advertising on the corporate image of an organization with particular reference to stakeholders of International Breweries, Ilesa in Osogbo, Osun State. The study will also

examine the effectiveness of advertising on corporate image. It will evaluate the extent to which quality advertising can project positive corporate image and increase firm's profit against all odds.

### **Research Questions**

1. What effect does effective advertising has on corporate image?
2. Does communication determine corporate image?

### **Literature Review**

#### **Advertising**

Companies have carried out advertising for many years. In the words of Louis (1980), whatever form the advertising may take, its primary function is communication. From a simple perspective, it will be unreasonable for any manufacturer of goods whether directly or through his advertising agency not to inform the public about the existence of the firm and their products. That was why Alonge (2001) defined advertising as a means through which firm draw attention of the public to something or notifying or informing of something.

Aaker and Mayers (1975) shed more light on the role of advertisement beyond information passage. They highlighted the following:

#### **To Inform**

- a. Telling the market about the new product
- b. Suggesting new user for the product
- c. Informing the market of a price change
- d. Explaining how the product works
- e. Describing available service
- f. Building company image

#### **To Persuade**

- a. Building brand preference
- b. Encouraging switching brand
- c. Changing customers perception of a product attribute
- d. Persuading customers to purchase
- e. Persuading a customer to receive a sales call

#### **To Remind**

- a. Reminding consumers that the product may be needed in near future
- b. Reminding them where to buy it
- c. Reminding how to check for quality (originality)
- d. Keeping in their minds during off seasons
- e. Maintaining its top-of-mind awareness

The comprehensive aim of contemporary advertisement is associated with providing purposeful direction about something in order to avoid misconception. In this wise, a good and effective advertisement is expected to communicate in precise terms the products of the firm, brands, etc. Advertising effectiveness can be defined as the extent to which advertising generates a certain desired effect. Measuring the effects of advertising is very important, given the amount of investments needed for advertising. Regarding the difficulty of measuring the overall effectiveness, it is believed that the effect of advertising varied and not always translatable into quantitative terms as in the case of corporate image.

#### **Corporate Image**

The idea of corporate image is certainly not new as it has been reported by numerous authorities (Bristol, 1960; Spector, 1961; Cohen, 1967; Enis, 1967; Margulies, 1977; Dichter, 1985; Durling, 1986; Van Riel, 1998; Christensen & Askegaard, 2001). It is variedly defined (Dowling, 1993; Barich and Kotler, 1991; and Van Riel, 1995). A critical examination of the existing views reveals three dimensions to the concept: (1) Perceptions, a mental picture or impressions of a firm in the minds of individuals; (2) Cognitive view; and (3) Beliefs and feelings.

Kennedy (1977), opine that corporate image entails the total sum of attributes, which have been evaluated by customers. Image is a perception of a receiver of his/her received projection of the corporate identity and own reflections of interpretation of various attributes from various sources (Cornelissen, 2000). In their earlier

summation, Barich & Kotler (1991), defined image as 'sum of beliefs, attributes and impressions that a person or group has of an object'. In this instance, it represents company image which is an embodiment of company's product (s), service (s), staff, etc.

Yeo, Youssef (2010), Abratt, Mofokeng (2001), Teng Fatt et al. (2000) emphasize that corporate image is influenced by information provided by the company itself and other groups. Adekoya (2011) follow the same trend but more specific when he articulated the purpose of advertisement to include the promotion of corporate image. Corporate image is studied from two perspectives: companies and consumers. The approach of company is directed towards improvement of marketing activities while consumer's approach is based on his interpretation of corporate image and brand equity state that a crucial feedback exists: stakeholders are influenced by company's image forming actions and they form corporate image in their environment.

What is of interest is how corporate image is formed or defused. Rindell, Edvardsson, Strandvik (2010) state that corporate image can be formed through image-in-use and image heritage. Image heritage is based on consumer past experience and created by consumer himself. Image-in-use is the result of company's image forming activities. Corporate image must be reviewed constantly and updated according to public opinion, beliefs and values (Herstein, Mitki, Jaffe, 2008).

### **Effect of Advertising on Corporate Image**

De Chernatony, (1999) & Balmer, (2001) were among the early writers that examined corporate communications as a corporate factor with significant effect on corporate image. Corporate communication entails advertisement as well as a medium of disseminating information about the entity. Creating and managing corporate image is key function of advertisement (Worcester, 2009; Flavian, Guinaliu, Torres, 2005; Abratt, Mofokeng 2001).

The concept of advertising image is relevant to the discussion. Advertising images are used as a means to create sensation and provide information about services or products that a specific company offers to its stakeholders. Kellner (1995) gave an insight into the effect of advertising when he noted its importance on corporate image as a foundation for creating values and morals. Themes of right and wrong, moral or evil, are often created and sustained in images.

Cost of advertisement associated with building corporate image is severe and incomparable to benefits. The Failure to give the appropriate mind set to the general public can undermine the future of the firm thus it is expedient to define the purpose of corporate campaign, envisage difficulties of marketing different quality grades, the risk of damages of existing product lines and the difficulties of devising sufficiently clear advertising and communication objective and assigning expenditure, this may be undesirable to relate closely (Baker & Balmer, 1997).

### **Research Methodology**

This study was carried out using a survey research design. This design was adopted to enhance and allow the researcher to analyze the effect of advertising on corporate image with reference to International Breweries Plc. Ilesa, Osun State. The study was carried out in Osogbo, Osun State being the State the company is located. The adoption of this is based on the fact that most of the stakeholders reside in the capital. The target populations for this study were all the stakeholders namely: Investors, Major depot owners, consumers, customers, workers, etc. See the table I for details.

A total of one hundred and twenty respondents' constitute the sample population of the study. Purposive sampling technique was used for the study in Osogbo because it was difficult to identify the entire population with interest in International Breweries Ilesa products. But easy to identify their customers, consumers at joint visited, investors and the likes. Simple percentage and chi-square statistical tools were used for data analysis through Special Package for Social Sciences (SPSS).

The research instrument was structured questionnaire; developed from issues in the literature review and objectives of study while respondents' demographic variables constitute section B of the instrument, administered on the field with the help of one research assistant employed.

### **Testing of Hypotheses**

The use of chi-square ( $X^2$ ) formula to test the hypothesis earlier formulated in this study at 5% level of significant.

The chi-square ( $X^2$  test given by the formula)

$$X^2 - E(1 - e)^2 / e$$

Where  $X^2$  represent chi-square represent summation

O – Represent observed frequency

E – Represent expected frequency

### Discussion of findings

Table I indicates that all the stakeholders of International Breweries Ilesa are adequately represented in the survey. Five (5) Investors representing 4% were involved, Fifty-five (55) consumers representing 46%, Twelve (12) customers representing 10%, Ten (10) workers of the firm representing 8% and Thirty-eight (38) general public members representing 32% were involved. This facilitated valid responses as relevant information was provided by them based on their knowledge about the firm and their products.

Table II revealed that the role of advertising in any business organization is very important, as it attributed growth in firm sales to the effect of advertising. Forty (40) respondents representing 33% claimed that advertising brought between 61 - 80% percentage increases in the firm's sales. This is in agreement with the view of Akanbi and Adeyeye (2011), the duo submit that there is a direct relationship between advertising and sales.

The third table (Table III) shows that fifty-eight 58 respondents representing 48% agreed that advertising have strong positive effect on corporate image projection while on the extreme 10 respondents representing 8% dispute the effect of advertising on corporate image. With this outcome one would agree with the fact that advertising has strong positive effect on corporate image projection without advertising there could be wrong conception about firm's image. This was not different from the opinions of Yeo, Youssef (2010), Abratt, Mofokeng (2001), Teng Fatt et al. (2000); they assert that corporate image is influenced by information provided by the company itself which can come from advertisement.

Table IV reveals the importance of the two (2) mode of transmitting information to the general public. With sixty-two (62) respondents representing 52% are comfortable with print media, fifty-eight (58) respondents representing 48% preferred electronic media. The fact is frequent advisement in the media (electronic and print) are used by the firm to inform and project their image.

### Test of hypotheses

#### Hypothesis 1

H0: There is no significant relationship between effective advertisement programmes and positive corporate image

H1: There is significant relationship between effective advertisement programmes and positive corporate image.

#### Hypothesis 2

H0: There is no significant relationship between communication and true picture of corporate image

H1: There is significant relationship between communication and true picture of corporate image

For the first hypothesis as indicated in Table V, the calculated  $X^2$  value of 155.5 is greater than the table value of 9.49 at 4df and 0.05 level of significance. The H0 is therefore rejected. This implies that there is a relationship between effective advertisement programmes and positive corporate image. Teng Fatt et al. (2000) posit that advertising will promote corporate image. This is also based on the fact that stakeholders will be duly informed through print and electronic media about the company's activities, products, etc. However, this does not mean the company should mislead the populace because if your products are not good and portray it to be definitely the existing image will be dented.

For the second hypothesis as indicated in Table VI, the calculated  $X^2$  value of 4.83 is less than the table value of 9.49 at 4df and 0.05 level of significance. The H0 is therefore accepted. This implies that communication might not give a true picture of corporate image owing to the fact that no company will pass information to say bad things about its entity. Louis (1980) reports that, advertisement is to communicate and not necessarily convince. That is, whether a product or firm is good or bad.

### Recommendations

In the light of the findings of this study, the researcher hereby suggests the following recommendations to be noted and implemented.

Since the advertisement is directed towards the general public, timing of advertising should be a key factor. For

instance, advertisement of products like trophy and mayor larger beer which is directed towards the general public should be done with caution with adequate information to those under age.

The use of bill board at strategic places line major highways, distributors' centers, depots, etc. will portray a good image for the firm. Although this is noted around the cities but there is need for new look.

More money should be invested into advertisement for it to be rich and ensure wider coverage to increase the level of the sale, this will subsequently increase profit.

### Conclusion

Businesses around the aimed at profit which might be impossible without a positive corporate image. A corporate image that is unknown or misconceived is dangerous for the prosperity of business enterprise because it will hinder the chances of making the projected profit. To effectively communicate the valid corporate image, advertisement has been examined as a tool for reducing the assumption level of all the stakeholders.

The effect of advertising on the corporate image is very vital in any business organization, this is due to the fact that it stimulates the consumer demand for their product which eventually leads to increase in sales level hence result in high profit. Actually, business organization fails to achieve their goal that is profit maximization when they are unable to draw the demand of the consumers towards them.

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Table I: Characteristics of Respondents

| Stakeholders   | Responses  | Percentage |
|----------------|------------|------------|
| Investors      | 05         | 4%         |
| Consumers      | 55         | 46%        |
| Customers      | 12         | 10%        |
| Workers        | 10         | 8%         |
| General Public | 38         | 32%        |
| <b>Total</b>   | <b>120</b> | <b>100</b> |

Source: Field work, 2012.

Table II: Response to percentage increase in company's level of sales due to advertising

| Classifications | Responses  | Percentage |
|-----------------|------------|------------|
| 21 – 40%        | 38         | 32%        |
| 41 – 60%        | 32         | 27%        |
| 61 – 80%        | 40         | 33%        |
| 81 – 100%       | 10         | 8%         |
| <b>Total</b>    | <b>120</b> | <b>100</b> |

Source: Field work, 2012.

Table III: Response to effects of advertising on corporate image

| Variables       | Responses  | Percentage |
|-----------------|------------|------------|
| Strong Positive | 58         | 48%        |
| Weak Positive   | 22         | 18%        |
| Moderate        | 16         | 14%        |
| Low Negative    | 14         | 12%        |
| Strong Negative | 10         | 8%         |
| <b>Total</b>    | <b>120</b> | <b>100</b> |

Source: Field work, 2012.

Table IV: Response to type of media used to advertise IBL Plc. Products

| Filters          | Responses  | Percentage |
|------------------|------------|------------|
| Print media      | 62         | 52%        |
| Electronic media | 58         | 48%        |
| <b>Total</b>     | <b>120</b> | <b>100</b> |

Source: Field work, 2012.

Table V: Relationship between effective advertising programmes and positive corporate image

| Response | SA       | A        | N        | D        | SD       | Total | x2 cal | x2 crit | Df | P    | Rem |
|----------|----------|----------|----------|----------|----------|-------|--------|---------|----|------|-----|
|          | 28(0.67) | 31(2.04) | 19(1.04) | 23(0.04) | 19(1.04) | 120   | 4.83   | 9.49    | 4  | 0.05 | S   |

Table VI: Relationship between communication and true picture of corporate image

| Response | SA       | A        | N      | D         | SD      | Total | x2 cal | x2 crit | Df | P    | Rem |
|----------|----------|----------|--------|-----------|---------|-------|--------|---------|----|------|-----|
|          | 62(60.2) | 46(20.2) | 9(9.4) | 5( 15.0 ) | 8(10.7) | 120   | 115.5  | 9.49    | 4  | 0.05 | S   |